



October 8, 2008

The Civic Party Hong Kong  
Unit B, 16/F  
Wing Hang Financial Center  
60 Gloucester Road  
Wanchai, Hong Kong.

Re: Lehman Brothers Minibonds

Dear Sirs,

We write as Trustee under the Principal Trust Deed between us and Pacific International Finance Limited ("Pacific") to respond to the questions contained in your letter dated 29 September.

Security

The distributors through whom the Notes were purchased should have a description of the collateral for each series of Notes issued by Pacific. The value of the underlying security is not known at this time. The distributors have been encouraged by the HKMA to consider the appointment of a financial adviser to advise both their customers and themselves on the value of the collateral.

Substitution of Collateral

Under the transaction documentation for the Notes, Pacific is permitted to substitute all or any portion of the "Mortgaged Property" securing the Notes of a given Series with the consent of the Trustee if the Trustee is satisfied that such substitution is not materially prejudicial to the interests of the Noteholders. On or about July 29, 2008, Pacific entered into a Master Collateral Substitution Deed (the "Substitution Agreement") whereby Pacific substituted alternative security for the Mortgaged Property that secured certain Notes (the "Substitution"). The Trustee determined that the Substitution was not materially prejudicial to the interests of the Noteholders based on the representations of Pacific set forth in the Substitution Agreement that: (i) the replacement Mortgaged Property would have substantially the same terms as the then existing Mortgaged Property and (ii) upon issuance, the replacement Mortgaged Property would have the same credit ratings as the then existing Mortgaged Property. The Trustee obtained an opinion of counsel with respect to this matter. The Trustee provided its consent to the Substitution on the basis of the foregoing.



Recovery on the Notes

The Trustee continues to review the situation and is considering its rights and powers under the Notes in light of the bankruptcy filing of Lehman Brothers Holdings, Inc. ("Lehman"). The Trustee may at the appropriate time, as directed by the Noteholders, file a claim against Lehman in the bankruptcy proceeding in New York.

We suggest that the investors contact their distributor banks to obtain further information. HSBC has set up a hotline to answer general inquiries (tel: 852-2748-3345). In addition answers to frequently asked questions are posted on HSBC's website at [www.hsbc.com.hk](http://www.hsbc.com.hk) and updated as information becomes available.

We are sure you understand that we cannot engage in correspondence of a specific nature in relation to any particular series of the Notes with interest groups. Noteholders are encouraged to review their individual positions and, if they are in any doubt as to the action they should take, they should consult their own independent professional advisers immediately.

Yours faithfully,

A handwritten signature in black ink, appearing to read "G. Moran", is written over a horizontal line.

for and on behalf of HSBC Bank  
USA, National Association, as  
Trustee